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INCOMING TELEGRAM Department of State

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FOR UNDER SECRETARY ROSTOW

SUBJ: GREEK SITUATION

1. AS YOU REQUESTED, I DISCUSSED THE GREEK SITUATION BOTH WITH PRESIDENT HALLSTEIN LAST NIGHT AND TODAY WITH THE GREEK AMBASSADOR, TRANOS.

2. IN VIEW OF HALLSTEIN'S CONSISTENT INTEREST IN GREECE, HE WAS RESPONSIVE TO MY PLEA THAT HE GIVE PERSONAL ATTENTION TO THE

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DANGERS IN THE CURRENT SITUATION AND TO SEE WHAT THE COMMUNITY MIGHT DO WHICH WOULD AT LEAST HAVE A CONSTRUCTIVE PSYCHOLOGICAL EFFECT. HE NOTED THAT THE COUNCIL OF ASSOCIATION HAD JUST MET LAST WEEK AND THAT HE HAD TALKED TO THE RESPONSIBLE GREEK MINISTER. HALLSTEIN FEARED THAT AN ACCELERATED TRANSITION PERIOD LEADING TO FULL MEMBERSHIP WOULD BE ECONOMICALLY ROUGH.

3. IT WAS LEFT THAT HALLSTEIN WOULD LOOK INTO THE SITUATION. BUT HE STRESSED THAT ONE OF THE PROBLEMS AS FAR AS THE COMMUNITY INSTITUTIONS ARE CONCERNED IS THAT THEY DO NOT AMOUNT TO A FEDERAL AUTHORITY AND THEREFORE THE INFLUENCE THEY CAN BRING TO BEAR IS LIMITED.

4. IN THE CONVERSATION WITH AMBASSADOR TRANOS, I FOUND HIM CAUTIOUSLY OPTIMISTIC ABOUT THE SITUATION IN GREECE. HE THOUGHT THAT THE ELECTION MIGHT CREATE A SITUATION IN WHICH A COALITION WOULD EMERGE. I ASKED HIM THE EXTENT TO WHICH RELATIONS WITH THE EEC HAD AN EFFECT ON THE INTERNAL POLITICAL SITUATION. TRANOS SAID THAT THEY HAD NO POSITIVE IMPACT ALTHOUGH THERE WAS

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SOME POTENTIALITY FOR DAMAGE. IN OTHER WORDS, IF THERE SHOULD BE A CRISIS BETWEEN GREECE AND THE EEC THIS COULD CONTRIBUTE TO THE INSTABILITY, PARTICULARLY WITH THE FARM COMMUNITY. BUT HE DID NOT EXPECT ANY SUCH CRISIS TO EMERGE IN THE NEXT 45 DAYS. THE ONLY AREA THAT MIGHT BE DIFFICULT WOULD BE ON TOBACCO, A MATTER OF GREAT ECONOMIC IMPORTANCE TO THE GREEKS. HE SUGGESTED THAT THE INTERNAL POLITICAL SITUATION WOULD MAKE IT MORE DIFFICULT FOR THE GREEKS TO MAKE CONCESSIONS IN THE KENNEDY ROUND CONTEXT TO THE COMMUNITY, ALTHOUGH HE INSISTED THAT THEY WOULD DO NOTHING WHICH WOULD MAKE OUR LIFE MORE DIFFICULT OR THAT WOULD IMPERIL THE KENNEDY ROUND.

5. I WILL CONTINUE TO KEEP IN TOUCH WITH HALLSTEIN ON THIS SUBJECT BUT MY OPINION IS THAT THE PRIMARY MOVEMENT WILL HAVE TO COME FROM THE GREEKS. I DON'T THINK THERE IS ANY UNWILLINGNESS ON THE PART OF THE COMMISSION ITSELF TO SEE WHAT COULD BE DONE TO MOVE MORE RAPIDLY TOWARDS FULL MEMBERSHIP, WHICH WHILE POSING PROBLEMS FOR THE GREEKS COULD ALSO ENTAIL SIGNIFICANT ECONOMIC ADVANTAGES AND PRE-

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SUMABLY SOME FURTHER DEGREE OF POLITICAL STABILITY. THE MOST SENSITIVE IMMEDIATE POINT MAY WELL BE TO BE SURE THAT THE COMMUNITY TAKES NO ACTION WHICH WOULD WORSEN THE INTERNAL POLITICAL SITUATION IN GREECE DURING THE NEXT CRITICAL 45 DAYS.

GP-3. SCHAETZEL
BT

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